

*Ann M. Menke*

**Certified Public Accountant  
A Professional Corporation**

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**LOUISA REGIONAL SOLID WASTE AGENCY**

**INDEPENDENT AUDITOR'S REPORTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**BASIC FINANCIAL STATEMENT AND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2009**

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## LOUISA REGIONAL SOLID WASTE AGENCY

### Officials

June 30, 2009

<u>Member</u>	<u>Title</u>	<u>Representing</u>
Phil Kaalberg	Chairperson	City of Columbus Junction
Frank Jamison	Vice-Chairman	County of Louisa Supervisors' Office
John Shafer	Member	City of Columbus City
Mary Boysen	Member	Rural County of Louisa
Mark Jay	Member	City of Cotter
Al Sonderberg	Member	City of Fredonia
Charles Sorrowfree	Member	City of Grandview
Jerry Kirk	Member	City of Letts
Benita Grooms	Member	City of Oakville
Randall Tillmann	Member	City of Wapello
Jack Reif	Member	Rural County of Louisa

**LOUISA REGIONAL SOLID WASTE AGENCY**

*Ann M. Menke*

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Independent Auditor's Report

**Members**

Louisa Regional Solid Waste Agency  
Wapello, Iowa

I have audited the accompanying financial statement of Louisa Regional Solid Waste Agency (Agency) as of and for the year ended June 30, 2009. This financial statement is the responsibility of the Agency's management. My responsibility is to express an opinion on the financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

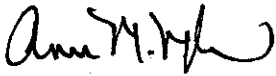
As described in Note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of Louisa Regional Solid Waste Agency as of June 30, 2009 and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated December 31, 2009 on my consideration of the Louisa Regional Solid Waste Agency's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance with the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis on pages 8 through 10 is not a required part of the basic financial statement, but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Ann M. Menke", with a stylized flourish at the end.

Ann M. Menke  
Certified Public Accountant  
Professional Corporation  
December 31, 2009

**LOUISA REGIONAL SOLID WASTE AGENCY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Louisa Regional Solid Waste Agency (Agency) provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the Agency's financial statement, which follows.

### **2009 FINANCIAL HIGHLIGHTS**

- The Agency's operating receipts increased 59%, or \$195,470, from fiscal 2008 to fiscal 2009.
- The Agency's operating disbursements increased 58%, or \$179,011, from fiscal 2008 to fiscal 2009.
- The Agency's net assets increased 7%, or \$19,906, from fiscal 2008 to fiscal 2009.

### **USING THIS ANNUAL REPORT**

The Agency has elected to present its financial statement on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing receipts, disbursements and the related assets and liabilities. Under the Agency's cash basis of accounting, revenues, expenses and other receipts and disbursements are recorded when they result from cash transactions.

As a result of the use of this cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Agency's cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statement. The annual report consists of a financial statement and other information, as follows:

Management's Discussion and Analysis, which introduces the basic financial statement and provides an analytical overview of the Agency's financial activities.

The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets, which presents information on the Agency's operating receipts and disbursements, non-operating receipts and disbursements and whether the Agency's financial position has improved or deteriorated as a result of the year's activities.



The notes to Financial Statement provide additional information essential to a full understanding of the data provided in the basic financial statement.

## Financial Analysis of the Agency

### *Statement of Receipts, Disbursements and Changes in Cash Basis Net Assets*

The purpose of this statement is to present the receipts received by the Agency and the disbursements paid by the Agency, both operating and non-operating. The Statement also presents a fiscal snapshot of the cash balance at year end. Over time, readers of the financial statement are able to determine the Agency's cash basis financial position by analyzing the increase or decrease in cash basis net assets.

Operating receipts are received for transfer fees from accepting solid waste and from assessments of the member political subdivisions of the Agency. Operating disbursements are paid to operate the transfer station and provide solid waste disposal at landfills near Milan, Illinois and Burlington, Iowa. Non-operating receipts and disbursements are for interest on investments, bad debt recoveries, maintenance and improvements to buildings and grounds, and principal and interest payments on long-term debt.

A summary of receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2009 and 2008 is presented below:

	Year ended June 30,	
	2009	2008
Operating receipts:		
Transfer fees	\$ 450,107	\$ 266,760
City, town and county assessments	64,988	58,724
Other	10,802	4,943
Total operating receipts	<u>525,897</u>	<u>330,427</u>
Operating disbursements:		
Landfill transfer fees	232,954	123,049
Operating contractor fees	195,963	116,740
Other disposal fees	10,877	8,947
Other operating expenses	45,468	57,515
Total operating disbursements	<u>485,262</u>	<u>306,251</u>
Excess of operating receipts Over operating disbursements	40,635	24,176
Non-operating receipts/(disbursements), net	<u>(20,729)</u>	<u>35,097</u>
Increase in cash basis net assets	19,906	59,273
Cash basis net assets, beginning	<u>265,806</u>	<u>206,533</u>
Cash basis net assets, ending	<u>\$ 285,712</u>	<u>\$ 265,806</u>

## **Financial Analysis of the Agency (continued)**

In fiscal 2009, operating receipts increased by \$195,470, or 59%. The increase was primarily a result of transfer fees increasing by \$183,347. Receipt increases were offset in large part by a \$179,011 increase in operating costs from fiscal year 2008 to fiscal year 2009.

A portion of the Agency's net assets is unrestricted and can be used to meet the Agency's obligations as they come due. The remaining net assets are restricted for closure and postclosure care. State and federal laws and regulations require the Agency to perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. Restricted net assets were unchanged during the year ended June 30, 2009. Unrestricted net assets increased \$19,906 during the year, due primarily to the increase in operating activities.

## **ECONOMIC FACTORS**

The Agency's overall financial position improved during the current fiscal year. However, the current condition of the economy in Iowa continues to be a concern for Agency officials. Some of the realities that may potentially become challenges for the Agency to meet are:

Facilities require constant maintenance and upkeep.

Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.

Annual deposits which may be required to be made to closure and postclosure accounts are based on constantly changing cost estimates.

Potential legislation that could increase postclosure cost of landfills.

The Agency anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Agency's ability to react to unknown issues.

## **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Louisa Regional Solid Waste Agency, Louisa County Courthouse, Wapello, Iowa 52653.

## **BASIC FINANCIAL STATEMENT**

**LOUISA REGIONAL SOLID WASTE AGENCY**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BASIS NET ASSETS**  
**As of and for the Year Ended June 30, 2009**

Operating receipts:	
Transfer fees	\$ 450,107
City and town assessments	39,018
County assessments	25,970
Scrap sales	10,802
Total operating receipts	<u>525,897</u>
Operating disbursements:	
Salaries	4,500
Payroll taxes and employee benefits	591
Insurance	3,264
Landfill transfer fees	232,954
Operating contractor fees	195,963
Other disposal fees	10,877
Office expense	488
Professional fees	19,348
Repairs and maintenance	3,284
Supplies	3,642
Taxes and licenses	3,833
Telephone	915
Utilities	5,603
Total operating disbursements	<u>485,262</u>
Excess of operating receipts over operating disbursements	<u>40,635</u>
Non-operating receipts (disbursements):	
Interest income	5,017
Bad debt recoveries	5,400
Insurance claim proceeds	4,092
Buildings and grounds	<u>(35,238)</u>
Net non-operating disbursements	<u>(20,729)</u>
Change in cash basis net assets	19,906
Cash basis net assets, beginning of year	<u>265,806</u>
Cash basis net assets, end of year	<u>\$ 285,712</u>
Cash Basis Net Assets	
Restricted net assets	\$ 10,000
Unrestricted net assets	<u>275,712</u>
Total cash basis net assets	<u>\$ 285,712</u>

See notes to financial statement

**LOUISA REGIONAL SOLID WASTE AGENCY**  
**NOTES TO FINANCIAL STATEMENT**  
**For the Year Ended June 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Louisa Regional Solid Waste Agency (Agency) was formed pursuant to the provisions of Chapter 28E of the Code of Iowa for the purpose of providing solid waste handling services for Louisa County, Iowa on behalf of units of government that are members of the Agency.

The governing body of the Agency is composed of one representative from each of the eight member cities and three representatives from Louisa County. The member cities are: Columbus City, Columbus Junction, Cotter, Fredonia, Grandview, Letts, Oakville and Wapello. The representatives are appointed by the respective political subdivisions and each member is entitled to one vote, except for Louisa County, which has three votes. The Agency receives funds related to postclosure costs for the landfill from its current members, as well as from the former member cities of Winfield, Conesville and Morning Sun.

**A. Reporting Entity**

For financial reporting purposes, the Agency has included all funds, organizations, account groups, agencies, boards, commissions, and authorities. The Agency has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. Louisa Regional Solid Waste Agency has no component units which meet the Governmental Accounting Standards Board criteria.

**B. Basis of Presentation**

The accounts of the Agency are organized as an Enterprise Fund. Enterprise funds are utilized to finance and account for the acquisition, operation and maintenance of government facilities and services supported by user charges.

Enterprise funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

**LOUISA REGIONAL SOLID WASTE AGENCY**  
**NOTES TO FINANCIAL STATEMENT**  
**For the Year Ended June 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting**

The Agency maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Agency is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items, including estimated payables for the closure and postclosure care. Accordingly, the financial statement does not present the financial position and results of operations of the Agency in accordance with accounting principles generally accepted in the United States of America.

**D. Net Assets**

Funds set aside for payment of closure and postclosure care are classified as restricted net assets.

**NOTE 2 – CASH AND INVESTMENTS**

The Agency's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposits or other evidences of deposit at federally insured depository institutions approved by the Agency; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency had no investments meeting the disclosure requirements of GASB Statement No. 3.

**NOTE 3 – PENSION AND RETIREMENT BENEFITS**

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

**LOUISA REGIONAL SOLID WASTE AGENCY**  
**NOTES TO FINANCIAL STATEMENT**  
**For the Year Ended June 30, 2009**

**NOTE 3 – PENSION AND RETIREMENT BENEFITS (CONTINUED)**

Plan members are required to contribute 4.10% of their annual covered salary and the Agency is required to contribute 6.35% of covered salary. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$272, \$272, and \$241, respectively, equal to the required contribution for each year.

**NOTE 4 – RISK MANAGEMENT**

The Agency is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Agency's annual contributions to the Pool for the year ended June 30, 2009 were \$2,976.

**LOUISA REGIONAL SOLID WASTE AGENCY**  
**NOTES TO FINANCIAL STATEMENT**  
**For the Year Ended June 30, 2009**

**NOTE 4 – RISK MANAGEMENT (CONTINUED)**

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Agency also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation. The Agency assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.



**LOUISA REGIONAL SOLID WASTE AGENCY**  
**NOTES TO FINANCIAL STATEMENT**  
**For the Year Ended June 30, 2009**

**NOTE 5 – CLOSURE AND POSTCLOSURE CARE COST**

To comply with federal and state requirements, the Agency is required to complete a monitoring system plan and a closure/postclosure plan to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep fluid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of the waste) for thirty years.

GASB Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs would consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period, and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills and/or transfer stations to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. Because the landfill stopped taking waste by August 24, 1994, it is exempt from the financial assurance requirements described above and is permitted to fund these costs from current operations. This funding is provided by all current members of the Agency and former member cities of Winfield, Conesville and Morning Sun. The total closure and postclosure costs related to the transfer station as of June 30, 2009 have been estimated at \$10,000. The Agency has deposited this amount in a separate bank account specifically to meet this funding requirement. These funds are reported as restricted net assets on the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets.

Chapter 567-113.14(8) of the Iowa Administrative Code allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Agency is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanisms.

**LOUISA REGIONAL SOLID WASTE AGENCY**  
**NOTES TO FINANCIAL STATEMENT**  
**For the Year Ended June 30, 2009**

**NOTE 6 – TRANSFER STATION CLOSURE CARE**

To comply with state regulations, the Agency is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces that have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles that will remain on site, including the rinsing of all surfaces that have come in contact with solid waste, and removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the Agency is required to maintain a closure account as financial assurance for the closure care costs. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a consideration for the right to operate the transfer station in the current period.

As discussed in Note 5, the total closure care costs for the Agency as of June 30, 2009 have been estimated at \$10,000. This balance has been restricted and is fully funded at June 30, 2009.

**NOTE 7 – OPERATOR CONTRACT**

The Agency entered into an operator contract under which the contractor is to operate the transfer station site in compliance with the applicable laws, rules and regulations. The contractor is to furnish all labor, tools and equipment necessary for operation, except for recycling responsibilities. For these services the contractor was paid \$20 per ton, plus a fuel surcharge (ranging from \$.85 to \$2.93 per ton), which includes transportation of the waste to landfills near Milan, Illinois and Burlington, Iowa. Operating contractor fees for the year ended June 30, 2009 totaled \$195,963. The contract will expire August 31, 2012.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 4, 2009, the date which the financial statements were available for issue.

## **LOUISA REGIONAL SOLID WASTE AGENCY**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

*Ann M. Menke*

**Certified Public Accountant**  
A Professional Corporation

Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of the Financial Statement Performed in  
Accordance with Government Auditing Standards

Members

Louisa Regional Solid Waste Agency  
Wapello, Iowa

I have audited the accompanying financial statement of Louisa Regional Solid Waste Agency (Agency) as of and for the year ended June 30, 2009, and have issued my report thereon dated December 31, 2009. My report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Agency's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statement, but not for the purpose of expressing my opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies and other deficiencies I consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the Agency's financial statement that is more than inconsequential will not be prevented or detected by the Agency's internal control. I consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe item 2009-I-A is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

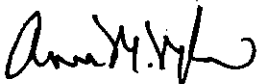
Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statement of the Agency. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The Agency's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the Agency's responses, I did not audit the Agency's responses, and accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the members and customers of the Agency and other parties to whom the Agency may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Louisa Regional Solid Waste Agency during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Sincerely,



Ann M. Menke  
Certified Public Accountant  
December 31, 2009

**LOUISA REGIONAL SOLID WASTE AGENCY  
SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2009**

**Part I: Findings Related to the Financial Statement:**

**SIGNIFICANT DEFICIENCIES:**

2009-I-A:

Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, the Agency has one individual who has control over the account billings, collections, deposits, recording transactions, and reconciling receipts and disbursements, for which no compensating controls exist.

Recommendation – I realize that with a limited number of office employees, segregation of duties is difficult. However, the Agency should continue to review its operating procedures to obtain the maximum internal control possible under the circumstances. The Agency should designate a member of the Board to provide additional control through review of financial transactions and reconciliations. Such reviews should be evidenced by initials or signature of the reviewer and the date of the review.

Response – We will consider the recommendation.

Conclusion – Response accepted.

**Instances of Noncompliance:**

No material matters of noncompliance with financial requirements were noted.

**Part II: Other Findings Related to Statutory Reporting:**

2009-II-A

Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

2009-II-B

Travel Expense – No disbursements of Agency money for travel expenses of spouses of Agency officials or employees were noted.

2009-II-C

Agency Minutes – No transactions were found that I believe should have been approved in the Agency minutes but were not.

2009-II-D

Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Agency's investment policy were noted.

2009-II-E

Financial Assurance – The Agency has elected to demonstrate financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

Total estimated costs for closure and postclosure care	\$ 10,000
Less: Closure and postclosure care costs assured under the local Government test at June 30, 2008	<u>-10,000</u>
	<u>\$ 0</u>
 Required balance of funds to be held in the local dedicated fund at June 30, 2009	 <u>\$ 10,000</u>
 Amount Agency has restricted and reserved for closure and postclosure care at June 30, 2009	 <u>\$ 10,000</u>

Iowa Department of Natural Resources rules and regulations require deposits into the closure and postclosure fund be made at least yearly, and the deposits shall be made within 30 days of the close of the fiscal year. The required deposit was made during the year ended June 30, 2004.



**LOUISA REGIONAL SOLID WASTE AGENCY**

**Audit Staff**

The audit was performed by:

Ann M. Menke, CPA

Carol Ross, CPA

Kristy Adams, Staff Auditor